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LOGNOTE -- Chief, Operations Group, 27 February 1985

1. [] called to bring us up to date on his talks with the Bishopric and the lawyers concerning the property for the new bureau. He has obtained final figures of \$270,000 for purchase and \$225,000 for a lease; it is possible that the lease figure can be further reduced by some negotiation of the annual legal fee, perhaps by as much as another \$10,000. All planned improvements, sewers, roads and whathaveyou have been taken into account and deducted from each figure.

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Contrary to earlier advice, the Archbishop now appears to be more interested in leasing than in an outright sale, though it appears he will go either way. He can be expected to honor any deal once it is made and there will be no impediments on what we do on the land once a deal is cut whether we lease or purchase. In either case, purchase or lease, the transaction has to be approved by the Council of Ministers. The Archbishop has considerable clout with the ministers, but Chuck feels things may take place more rapidly and smoothly if we decide on leasing.

However that may be, and given the cost difference (though this is not decisive at only \$45,000) the only factors which could influence the choice are the long-term prospects for the property: if we owned it we could dispose of it at fair market value if we chose or needed to relocate; under a lease we could sublet or try to recover the unexpended portion of the lease money.

What with the intangible nature of these differences, my own view is that we should go ahead and lease the property as we planned. I asked Chuck if the Ambassador had any strong views either way. He said that since the Embassy had leased the Ambassador was also likely to favor leasing. But he will discuss this with the Ambassador and let us know his views tomorrow or next day. He then asked about his delegation of authority. I said it was being obtained but not to shake hands on anything until we give the word. We can notify him by wire as soon as we have the delegation since he seems to feel he should press ahead before the Bishopric has too much time to think about the deal.

Chuck said he was awaiting word on the choice of site "C" versus "D," for the Ambassador. I said a letter was on the way but that he could tell the Ambassador we had settled on site "D." We feel security considerations are roughly equal but that site "D" gives us much more latitude in what we do with the property.

(cc: D/FBIS, C/ED, AC/AS)

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